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SECURITY INFORMATION

EIC-M-11
16 January 1952
CIA No. 431610

ECONOMIC INTELLIGENCE COMMITTEE

Minutes of Meeting held in
Room 2101, Temporary "M" Building
26th and Constitution Avenue, N. W.

10 January 1952

PRESENT:

Dr. Max F. Millikan, CIA, Chairman
Mr. Edward Doherty, State
Mr. Howard Wiedemann, State
Mr. Theodore Nordbeck, State
Mr. John Kullgren, Army
Lt. Col. George B. Russell, Army
Cdr. Donald C. Deane, Navy
Dr. George Kidd, Navy
Mr. Clifford Pruefer, Air Force
Col. H. R. Rogers, MSA
Mr. William Welk, MSA
Mr. Emil Schnellbacher, Commerce
Mr. Robert Simpson, Commerce
Mr. Edward Ames, Federal Reserve

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APPROVAL OF MINUTES

1. Action: The minutes of the Economic Intelligence Committee meeting of 18 December 1951 (EIC-M-10) were approved.

NEW MEMBERS INTRODUCED

2. Action: The following new alternate and associate members were presented and welcomed to the meeting: Dr. George Kidd, Navy Alternate to Cdr. Deane; and Col. H. R. Rogers, the new associate member representing the Mutual Security Agency. Mr. Edward Ames, present for the first time, as the associate member representing the Federal Reserve Board, was also introduced.

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REPORT BY THE CHAIRMAN OF EIC SUBCOMMITTEE ON REQUIREMENTS AND FACILITIES FOR COLLATION

3. Discussion: Mr. Nordbeck, Chairman of the EIC Subcommittee on Requirements and Facilities for Collation, reviewed the accomplishments and the present program of his Subcommittee and discussed a few of their most critical problems. (A summary of this subcommittee's activities will appear in an EIC progress report which will be issued by the Secretariat within the next week.)

4. Mr. Nordbeck stated that the most critical problems of this Subcommittee at the present time are: (a) The obscure division of collection responsibility between the State Department Foreign Service and the Service agencies. Technically it is the responsibility of the Chief of Mission at each post to delineate this responsibility but many Chiefs of Missions do not feel technically qualified to do this. It is felt by some that instructions to Service Attaches and Foreign Service Offices on the division of collection responsibility and priorities for collection should come from Washington. It was pointed out that in Europe this problem is further complicated by collection efforts of the Mutual Security Agency. As a matter of related interest, Mr. Schnellbacher, Commerce, stated that the manner of distributing and classifying this information after it has been received in Washington was also creating certain problems in the use of the information; (b) The inability of the subcommittee to ascertain the objectives of the US Government in the field of foreign telecommunications as a basis for preparation of collection requirements on this subject; and (c) The lack of clarity in the relationship between the EIC Subcommittee on Requirements and Facilities for Collation and the various EIC commodity subcommittees, particularly on the matter of preparing collection requirements. The subcommittee will continue to seek a solution to these problems, although in some cases it may be necessary to recommend that the EIC lend its assistance.

ADVISORY COMMITTEE ON INTERNATIONAL POPULATION STATISTICS

5. Action: The Chairman requested that Mr. Doherty look into the activities of the interagency ad hoc group on population and manpower studies and report to the EIC at its next meeting.

NOMINATIONS OF MEMBERS AND ASSOCIATE MEMBERS TO EIC SUBCOMMITTEES

6. Action: The following persons were approved by the EIC to serve as members and associate members on the EIC Subcommittee on Chemicals:

Lt. Cdr. Robert W. Gillette, USN
Technical Intelligence Unit, ONI
(Member)

Lt. Col. Carl Kretschmar
G-2, Department of the Army
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(Member)

Mr. Frank Bennett
Chief, Drugs, Solvents, and Detergents Branch
National Production Authority
(Associate Member)

Dr. Walter M. Scott
Deputy Chief, Bureau of Agricultural and
Industrial Chemistry
Department of Agriculture
(Associate Member)

Mr. Frederick D. Bates, Jr.
Chief, Chemical and Rubber Branch
Office of Materials
Munitions Board
(Associate Member)

7. The following persons were approved by the EIC to serve as associate member and alternate associate member respectively for the Munitions Board on the EIC Subcommittee on Agriculture:

Dr. Arthur G. Peterson
Chief, Division of Textiles, Forest
and Agricultural Products
Office of Materials

Mr. Lester Dutt
Chemicals and Rubber Division
Office of Materials

8. It was agreed to include on the agenda for the next meeting a discussion of principles governing associate membership on the EIC Subcommittees. The Secretariat was directed to distribute the State Department views on this subject to all of the full members. CIA is to prepare a paper stating its position and is to arrange for informal discussions on this question before the next meeting. Agencies having strong views on this question should contact the Executive Secretary before 18 January.

9. Discussion: Mr. Doherty, State, read a statement setting forth the views of his Department regarding associate membership on EIC Subcommittees and requested that the statement be made a matter of record by including it in the minutes of the meeting.

NEW ALTERNATE AND ASSOCIATE MEMBERS OF THE ECONOMIC INTELLIGENCE COMMITTEE

10. Action: The following new alternate member and associate members of the Economic Intelligence Committee were announced for information:

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Dr. George E. Kidd
Senior Coordinating Analyst
Intelligence Branch, ONI
(Replacing Cdr. Williams as
Navy alternate)

Col. H. R. Rogers
Special Assistant for Economic Defense
Mutual Security Agency
(Associate Member)

Mr. Kenneth R. Hansen
Mutual Security Agency
(Associate Member to represent the
Administrator of the Battle Act)

PROPOSAL FOR CONTINUING COMPILATION OF EAST-WEST TRADE STATISTICS IN
THE DEPARTMENT OF COMMERCE

11. Action: As directed at the last EIC meeting, the Executive Secretary contacted the Chairman of the Subcommittee on Requirements and Facilities for Collation to insure that the State Department Foreign Reporting Circular on Trade and Other Economic Relations with Soviet Bloc Countries not be sent out before it had been completely coordinated with the Department of Commerce and the Mutual Security Agency. Mr. Nordbeck, State, assured [redacted] that such coordination would be accomplished.

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12. In order to expedite issuance of this Circular, it was agreed that, in discussing the trade statistics project, the first question that should be raised by the agencies concerned would be whether any of the proposed modifications in this project would affect the Reporting Circular. If not, the Circular could be issued immediately.

13. Discussion: Dr. Millikan reported that in view of the fact that some of the statistical information on East-West trade needed for NIE-59 could not be supplied in time, it might be necessary to postpone the completion date.

14. The more general question of the compilation of East-West trade statistics on a continuing basis has been under consideration in the Department of Commerce as reported at our last meeting. Commerce has now submitted its proposal for compiling these statistics to the Mutual Security Agency. MSA is calling a meeting of representatives from interested agencies to discuss the Commerce proposal sometime during the week of 14 January.

15. Mr. Simpson, Commerce, reported that issuance of the State Department Reporting Circular on Trade had been delayed but that, since there was considerable pressure from State to get it out, and since it is not likely that further discussion with MSA and other interested agencies would substantially affect the Circular, Commerce was going

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to go ahead on the changes in the Circular so that it could be sent out as soon as possible.

SURVEY OF GOVERNMENT ECONOMIC RESEARCH PROGRAMS ON THE SOVIET BLOC

16. Action: Further discussion on this subject was postponed until the next EIC meeting.

PROPOSAL FOR SUBCOMMITTEES ON ECONOMIC ANALYSIS AND INTERNATIONAL TRADE AND FINANCE AND AN ADVISORY GROUP ON ANALYTIC TECHNIQUES AND METHODS

17. Action: It was the sense of the meeting that a Subcommittee on Economic Analysis would be established. Interested agencies are to call in nominations to the Executive Secretary within the next week.

18. The subject matter scope of this Subcommittee on Economic Analysis will generally follow the outline of Subcommittee on Economic Analysis (dated 30 November) last discussed at the EIC meeting of 18 December (EIC-4-10, para 11 through 14). The principal change is the deletion of functions in the field of international trade and finance. Mr. Wiedemann, State, agreed to prepare detailed terms of reference for presentation to his subcommittee at its first meeting. Any suggestions as to the functions for this new Subcommittee should be submitted to Mr. Wiedemann before 22 January.

19. It was the sense of the meeting that the interested members would review the proposed functions for an Advisory Group on Analytic Techniques and Methods* which were distributed at the meeting and that these members would report their views on this Advisory Group to the Executive Secretary of the EIC within the next week. They are to indicate whether they believe such a group should be established and whether they have any specific proposals for major changes in the terms of reference.

20. Discussion of the proposed Subcommittee on International Trade and Finance was postponed; however, members will be contacted on this subject by the Secretariat before the next meeting.

21. There was some question of whether the IAC agencies should be represented on Subcommittees to which they could contribute very little substantive support. It was the sense of the meeting that there is nothing to prevent an IAC agency from having associate members on subcommittees if their interest or research capabilities in the subject matter does not warrant full membership.

* This was titled the Advisory Group on Economic Analysis in the paper presented at the meeting. This title has been changed to Advisory Group on Analytic Techniques and Methods.

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22. Dr. Millikan pointed out that members of the Committee should not get the idea that action assigned to them at the meetings and noted in the minutes will be carried out for them by the Secretariat. He said that the Chairman and Secretariat will in most cases assume that, when they do not hear from an agency within the time specified in the minutes, the agency has no interest in the matter.

23. Discussion: The EIC discussed the proposed Subcommittee on Economic Analysis which would be an assemblage of people from various agencies responsible for preparing aggregates and over-all analysis on the general economy. Some members felt that the number of agencies that would be interested or actively involved in a Subcommittee of this kind would be so small as to make a Subcommittee unnecessary; however, it was apparent from the discussion that a sufficient number of agencies were interested to warrant its establishment.

24. There was some discussion as to the desirability of establishing an Advisory Group on Analytic Techniques and Methods to get ideas on techniques and methods of economic analysis from people of special training in particular kinds of analytic techniques. Proposed Terms of Reference for such an Advisory Group were distributed to the EIC members at the meeting.

PROPOSAL FOR EXCHANGE OF INFORMATION ON THE ACTIVITIES OF REPRESENTATIVES ABROAD

25. Action: A CIA paper setting forth a proposal on this subject was distributed to EIC members prior to the meeting. Discussion of the proposal was postponed until the next meeting; however, the Secretariat will solicit the views of the full members on this subject before the next meeting.

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Executive Secretary
Economic Intelligence Committee

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